

DEPARTMENT OF BENEFIT PAYMENTS

44 P Street
Sacramento, CA 95814



August 9, 1974

ALL-COUNTY LETTER NO. 74-151

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY WELFARE FISCAL SUPERVISORS
ALL COUNTY AUDITORS

SUBJECT: MANAGEMENT STUDIES AND/OR PROFESSIONAL SERVICES

REFERENCE: R. K. BEST'S ALL COUNTY WELFARE DIRECTORS LETTER (1/4/73)

I. INTRODUCTION

This letter is a follow-up to R. K. Best's All County Welfare Directors letter dated January 4, 1973. It serves as a reemphasis of that letter and also transmits new information related to the approval of federal financial participation in the costs of the purchase of a Management Study and/or Professional Service by a County Welfare Department per Bureau of the Budget Circular A-87. This includes studies and/or services purchased from a private vendor or a county unit located organizationally outside the County Welfare Department. State participation is allowed subject to the same approval.

As stated in Mr. Best's letter, the Department of Benefit Payments has been designated by the United States Department of Health, Education, and Welfare to act on their behalf in the approval process.

The delegated authority for approval does not include Management Studies and/or Professional Services when EDP Services are provided. Prior approval must be obtained for EDP services in accordance with Circular Letter 2580.

II. DEFINITIONS

The following definitions may be useful in complying with the requirements for approvals:

A. Management Study

A review and analysis by experts of the established operating system as related to the County Welfare Department as a whole, a single system or a specific program. The study is to determine if the system or program is achieving its intended purpose in the most effective and efficient manner and to provide constructive criticism and/or recommendations such as improved methods and procedures, reorganization and staff and management reports and controls.

B. Professional Services

Services, requiring specialized skills, rendered to a County Welfare Department. In many instances the services will implement recommendations derived through a management study. Examples of professional services may be the development of a new quality control program by a management consultant firm or the provision of child protection services by the Probation Department.

C. Approving Unit

The organizational unit in state government which receives and acts on requests for approval. See Section IX for a list.

III. FEDERAL AND STATE FINANCIAL PARTICIPATION

Federal and state financial participation is allowed in the cost of purchasing a management study and/or professional service by a County Welfare Department if it meets the requirements listed in Section VI.

Any claims for the costs of studies and/or services which have not been approved will not be allowed. To insure this, copies of approval and disapproval letters will be sent to the Claims Audit and Control Bureau which approves County Administrative Expense Claims and to the State Controller's Office which audits such approved claims.

IV. DUPLICATE MANAGEMENT STUDIES

It is the intent of the State of California to utilize the results of completed management studies for comparison to a county's request for approval.

Where a proposed study appears to duplicate an already completed study, the burden of proof that the new study is not duplicative (or is necessary in any case) is upon the county requesting approval. If such proof is not sufficient, federal and state participation will not be allowed in the cost.

In order to prevent the possible loss of funds it is recommended that the county contact the approving unit (see Section IX) prior to initiating a study. At that time state staff can indicate when the proposed study appears to duplicate one that has already been made, and make the results of the latter available to the requesting county.

V. PLANNING

If requested, state staff will help the county to plan the study and/or service. By contacting state staff in advance of commitment of funds, the county can avoid the problems associated with duplicate management studies and can be made aware of when state or federal staff may be available to perform a study and/or service. For information or assistance during the planning stages please contact the appropriate approval unit mentioned in Section IX below.

VI. REQUIREMENTS FOR APPROVAL

The county must comply with the following requirements in original as well as renewal contracting actions to receive approval:

- A. The study and/or service must be related to the researching and/or solving of a specific problem or concern of the County Welfare Department.
- B. County staff should be used whenever possible. However, when a private vendor is to be used for a management study, competitive bidding procedures should be employed in its selection. (The use of competitive bidding procedures for selection of a private vendor to perform professional services is desirable, but not required.) There are two types of competitive bidding procedures:

1. Formal

- a. Prepare either an Invitation for Bid (IFB) or a Request for Proposal (RFP). An IFB usually indicates in precise terms "Here is what we want, how much will you charge us?" A RFP will indicate "Here is what we wish to accomplish; how would you accomplish it and for how much?" (A list of information to include in a RFP is given in Attachment 1.)
- b. Identify and select at least three, if possible, vendors in the field and transmit a copy of the IFB or RFP to them.
- c. Evaluate bids received from vendors for responsiveness to IFB or RFP, cost and capability to perform.
- d. Select the lowest responsible (i.e., able to perform adequately in accordance with IFB or RFP instructions) bidder and notify rejected bidders. The lowest bidder is not always the most responsible. (One week should be allowed for rejected bidders to protest.)

2. Informal

Informal bidding should be used only when the study and/or service is of such an urgent nature that the time factor precludes compliance with formal bidding procedures or when the amount of funds involved is small.

When this is true, the following system may be used:

- a. Develop the information given in a. - c. of Attachment 1.
- b. Identify and select at least three, if possible, vendors in the field. Since the lowest bid must be accepted it is very important to insure that the vendors contacted are able to perform the work in the manner desired (i.e., that they are responsible).

- c. Solicit price quotes in person or by telephone.
- d. Select the lowest bidder and ask for confirmation of the price quote in writing.

The competitive bidding procedures outlined above are not required in any of the following circumstances:

- 1. The total cost does not exceed \$2,500;
 - 2. The study can only be performed by one private individual or firm (in this instance, the individual or firm is called a sole-source);
 - 3. No acceptable bids have been received; or
 - 4. The study needed is of an emergency nature and there is not sufficient time to use either formal or informal bidding procedures.
- C. At the request of the approving unit, state staff must be included on any planning, steering or implementing committee.
- D. The purchase of the study and/or service must be formalized in a contract. When a private vendor has been selected to perform the study and/or service, the following provisions must be included in the contract, in addition to those which define a sound and complete agreement (the content of the separate provisions may be combined):
- 1. an allowance for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provisions for fiscal sanctions and penalties as may be appropriate. An example of a format for this provision might be the following:

"The county may terminate and be relieved of the payment of any consideration to the contractor should the contractor fail to perform the covenants herein contained at the time and in the manner herein provided." (The penalties or sanctions, if any, for the breach should follow.)
 - 2. an allowance for monitoring the contractor's performance to assure compliance with the terms, conditions and specifications of the contract. An example of wording for this provision might be the following:

"The county shall have the right to monitor all work performed by contractor under this agreement."

3. If the contractor will be working with records described in Section 10850 of the Welfare and Institutions Code, a requirement to comply with the confidentiality provisions of that section. An example of wording for this provision might be the following:

"Contractor agrees to comply with all the provisions of Section 10850 of the Welfare and Institutions Code of the State of California regarding confidentiality and understands that a violation of any of the provisions of Section 10850 is a misdemeanor."

4. for contracts in excess of \$10,000, a requirement to comply with Executive Order No. 11246, entitled, "Equal Employment Opportunity," as supplemented in Department of Labor regulations (41 CFR, Part 60). An example of wording for this provision might be the following:

"In the performance of this contract, the contractor will not discriminate against any employee or applicant for employment because of race, color, sex, religion, ancestry, or national origin."

5. for contracts in excess of \$50,000, the contractor shall be required to have an affirmative action plan which declares that it does not discriminate on the basis of race, color, religion, creed, national origin, sex, and age and which specifies goals and target dates to assure the implementation of that plan if it has 50 or more employees. An example of wording for this provision might be the following:

"The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section."

6. for contracts in excess of \$2,500:
 - a. A requirement to comply with applicable regulations and standards of the Cost of Living Council in establishing wages and prices. An example of wording for this provision might be the following:

"The contractor shall comply with the Presidential Executive Order No. 11615, dated August 15, 1971, or any subsequent Order modifying, amending, terminating or substituting for said Order and all guidelines, rules, and regulations of the Cost of Living Council, Pay Board, and Price Commission implementing such orders. The contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."

- b. An indication that the County Welfare Department, the state agency which has the approving unit, the Department of Health, Education, and Welfare, the Comptroller General of the United States, or any of their duly authorized representatives shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts and transcriptions.

"Contractor will preserve all records related to its performance for a period of _____ and make them available upon request to the county (or: Contractor will provide county with all work papers, rough drafts and completed work). Copies of any reports will be sent to the Department of Benefit Payments (or: Department of Health) and the Department of Health, Education, and Welfare and to any other state, federal and county agency upon request."

- c. A clause for unilateral termination by the County Welfare Department that includes the methods by which termination will be effected (e.g., in writing and time periods), the basis for settlement (e.g., payment of services for work performed) and a description of the conditions under which the contract may be terminated because of circumstances beyond the control of the contractor (as opposed to breach - see VI. D. 1. above). No example of wording is given because of the complexity of this provision. The County Counsel or the appropriate approving unit in Section IX may be able to assist you in drafting an appropriate phrase for this provision.
- E. The approving unit (see Section IX below) must receive four copies of all reports prepared in connection with the study or services. (In addition, copies of reports must be provided to other federal, state or county agencies upon request.)
- F. Recommendations which are a result of the study and/or service must be evaluated and implemented by the county. If not implemented the county must notify the approving unit of the reason.

VII. REQUESTS FOR APPROVAL

A request for approval to claim federal and state costs in a study and/or service should be sent to the approving unit (see Section IX). A copy of the proposed or executed contract should be attached. If the contract has been executed, a copy of the Board of Supervisors' Resolution must accompany the request.

When the third party is a private vendor selected on the basis of sole-source (see Section IV, D.) to perform a management study and the cost will exceed \$5,000, approval must be received prior to the execution of the contract. The approval will be conditioned upon requirements A. - D. listed in Section VI above being met. All other approvals for both studies and services must be received prior to the claiming of federal and state participation in the costs. The request for approval should contain the following information:

- A. A statement of the nature, scope, and method of the study or service. This should include identification of the programs involved, a description of the problems or conditions necessitating the study or services, a list of any previous actions taken by the federal, state or county toward their alleviation or correction, a description of the expected benefits the county hopes to achieve through the study or service, and an indication of the extent to which the study or service will cover or benefit county units located organizationally outside the County Welfare Department.
- B. Identification of the contractor. If it is a private vendor, include information on the procedures employed (or to be employed if seeking prior approval) in its selection and a justification as to why a private vendor is better able to perform the study or service, than county staff. If the vendor is a "sole-source" selection the justification should also indicate why that particular selection method was used and why that vendor was selected.
- C. The estimated staffing, including any federal, state, or county staff assigned to the study or service, and the nature of their assignments.
- D. Assurance that the Department of Benefit Payments will receive four copies of any reports prepared in connection with the study or service. (In addition, copies of reports must be provided to other state, federal or county agencies upon request.)
- E. The beginning date and the time of completion.
- F. Information on the cost, including:
 1. the total cost;
 2. the basis for distribution of the charge to federal, state and county;

3. the actual or estimated amount of the charge distributed to the agencies mentioned in 2. above; and
4. any other information bearing on financial arrangements.

VIII. ISSUANCE OF APPROVAL

The approving unit will evaluate all information provided by the county in its request for approval to determine whether the study and/or service meets requirements A. - D. listed in Section VI. Based upon this evaluation the county will be sent one of the following letters:

- A. Approval Letter - approves the study and/or service with no conditions.
- B. Conditional Letter - approves the study and/or service subject to the county meeting certain conditions.
- C. Disapproval Letter - disapproves the study and/or service.

The county may begin to claim federal and state participation in the costs of the study and/or service upon receipt of an Approval Letter or upon meeting conditions listed in a Conditional Letter. Such claims may be disallowed at a later date if the county fails to comply with requirements E. and F. listed in Section VI.

IX. APPROVING UNITS

Requests for approval should be sent to the following:

- A. If the study or service is oriented totally to the eligibility and grant maintenance system or if it is involved with AB 282 child care funds, send requests to:

Contracts Administration Services
Department of Benefit Payments
744 P Street
Sacramento, California 95814

(916) 445-6040

- B. If the study or service is oriented totally to the social services system, send requests to:

Performance Evaluation Control Unit
State Department of Health
744 P Street
Sacramento, California 95814

(916) 445-2174

- C. If the study or service is oriented to a combination of eligibility and grant maintenance and the social services system or if you are not sure send requests to both units given in A. and B. above. Joint approval or disapproval will be issued from these units.


X. RETROACTIVE APPROVAL

Any County Welfare Department which, since January 4, 1973, has incurred costs or is in the process of incurring costs for management consultant studies and/or professional services should immediately forward the information detailed in Section VI to the approving unit mentioned in Section IX in order to obtain approval for federal and state participation if approval has not already been obtained.

XI. CONTACT REFERENCE

Ron Landini (916) 445-6040

Sincerely,



WILLIAM J. KURTZ
Deputy Director

Attachment

cc: CWDA

ATTACHMENT I

REQUEST FOR PROPOSALS

Request for Proposal (RFP) should include the following information (the better a county clarifies its own thinking beforehand and communicates it to prospective vendors, the more complete, responsive to the needs of the county, and acceptable the proposals received will be):

- a. A clear description of the problem to be solved. If a problem cannot be clearly delineated, it is either not sufficiently understood to be successfully addressed by a vendor or it may not really be a problem needing vendor services.
- b. Specifically identify in realistic terms what the vendor is to accomplish. This would include any desired approach to the problem; practical, policy, technological, and legal limitations; specific questions to be answered; description of the items to be delivered; format and number of copies of the completed reports; and the extent and nature of the assistance and cooperation which will be available to the vendor from the county.
- c. Firm or estimated time schedules including dates for: award of contract, commencement of performance, submission of progress reports, if any, and completion.
- d. Whether and to what extent progress payments will be allowed, and if deemed appropriate, known or estimated budgetary limitations on the contract price.
- e. A requirement that the prospective vendor include in his proposal:
 - (1) A description of his qualifications, a brief list of similar types of work successfully concluded, with a sample of such work; a description of the lead personnel and anticipated supporting personnel to be employed on the study; amount of time and manpower to be expended; equipment and facilities to be utilized; and, if subcontractors are contemplated, a description of these persons or firms and the portions and monetary percentages of the work to be done by them.
 - (2) An overall description of the techniques to be used in solving the problem.
 - (3) The total cost of the study or service, a detailed breakdown of how it was computed, and any desired method of payment.

The County Counsel or the appropriate Approving Unit in Section IX may be able to assist you in the drafting or review of RFP's. Also RFP's can be used for summarizing information needed by the Approving Unit to determine whether a management study is duplicative (see Section IV).